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Checking Your Stockbroker or Brokerage Firm

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JESSE WHITE
Secretary of State
Illinois Securities
Department



Jesse White
Secretary of State

“*If you are about to entrust your money with an individual or securities firm, it is worthwhile to do a background check. It may save you both money and future aggravation.*”

Checking Your Stockbroker

Central Registration Depository System

The Central Registration Depository System (CRD) is a computerized database that holds licensing information on more than 600,000 stockbrokers (or registered representatives) and more than 6,000 brokerage firms throughout the country. Every state securities regulator can access the CRD database.

In most cases, anyone wanting to sell securities (i.e., stocks, bonds, mutual funds) in Illinois must be licensed.

Therefore, their records will be maintained on the CRD. You may ask your broker or salesperson for his/her CRD number.

The CRD includes your stockbroker's:

- employment history for the past 10 years;
- securities examination scores;
- licensing or registration status; and
- disciplinary history.

Available information

As an investor, you may request a free public report of background information on any stockbroker or brokerage firm from the Illinois Securities Department. (It is helpful to have the full name of the broker or their CRD number.) In addition to employment and examination history, the CRD report contains the following types of disciplinary history, if applicable:

- Final disciplinary actions by federal, state and foreign securities regulators

as well as by self-regulatory organizations such as the National Association of Securities Dealers Regulation.

- Civil judgements and arbitration decisions in securities and commodities disputes involving public customers.
- Criminal convictions or indictments against registered or licensed brokerage firms and their salespersons.
- Settlements of \$10,000 or more among the parties to arbitrations, civil suits and customer complaints involving securities or commodities transactions.
- Employment terminations after allegations involving violations of investment-related statutes or rules, fraud, theft or failure to supervise investment-related activities.
- Bankruptcies filed within the last 10 years and outstanding liens and judgements.
- Pending disciplinary actions taken by industry regulators that relate to securities or commodities business.
- Pending arbitrations and civil proceedings involving securities or commodities transactions.
- Pending written complaints alleging sales practice violations and compensatory damages of \$5,000 or more.



Requesting a CRD report

To obtain a CRD report, call the Illinois Securities Department at 800-628-7937. Stockbrokers and brokerage firms are not advised of your request.

You also may contact the National Association of Securities Dealers Regulation (NASDR) at 800-289-9999 or www.nasdr.com. However, NASDR does not report certain types of information that may be available through the Illinois Securities Department.

This information is easy to obtain, and Illinois securities regulators want you to make informed decisions prior to investing your hard-earned dollars. It is important to learn if a salesperson and firm you are thinking of investing with are properly licensed by the Illinois Securities Department. A vast majority of the stockbrokers and brokerage firms are honest and reputable. However, like many professions, there are individuals and firms who are not. One phone call may save you from sending your money to an unscrupulous broker or disreputable brokerage firm.





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For more information**Secretary of State
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